GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:2685
ANSWERED ON:15.12.2015
Assistance for Sugar Mills
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the financial position of the sugar industry has been stressed by sustained surpluses of production over domestic consumption and mismatch between the production cost and sale price of sugar during the last three years, if so, the details thereof and the facts in this regard;
(b) whether the Government has received request from the industry for increasing ethanol production, providing export subsidy and bulk purchase of sugar to infuse liquidity in the sector, if so, the details thereof and the response of the Government thereto;
(c) whether the Government has given any incentives to sugar sector to facilitate payment of sugarcane dues to farmers during 2014 and 2015, if so, the details thereof; and
(d) the details of other measures and steps taken by the Government for the welfare of sugarcane farmers and sugar industry in the recent past?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI RAM VILAS PASWAN)
(a): The domestic production of sugar has consistently exceeded demand since 2010-11, leading to build-up of stocks and downward pressure on prices. Substantial inventories with the sugar mills have resulted in subdued prices and adversely affected their liquidity position. The all India average cost of production of white sugar is about Rs. 2900 per quintal, whereas the average all India ex-mill price of sugar during last two sugar seasons has been below that price. The details of domestic production and consumption of sugar and its average all India ex-mill price during last three sugar seasons are annexed.
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(b): Representations have been received from apex bodies of the sugar industry inter-alia seeking subsidy for increasing ethanol production; subsidy for export of sugar and creation of buffer stock. The Government has extended incentive for export of raw sugar for the sugar season 2014-15 and waived excise duty on ethanol supplied to Oil Marketing Companies (OMCs) by sugar mills under Ethanol Blending Programme (EBP). The request for creation of buffer stocks has not been found to be supportable.
(c): During 2014 and 2015, the Central Government, with a view to facilitate clearance of cane price arrears of sugarcane farmers, has given several incentives to sugar industry to help it resolve liquidity problems and expeditiously clear cane price dues of farmers. The incentives extended by the Government are as under:-
i) Provided working capital loans with interest subvention to sugar mills to facilitate clearance of cane price dues of farmers under Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU-2014) and Soft Loan scheme.
ii) Incentive for exporting raw sugar in sugar seasons 2013-14 and 2014-15.
iii) Fixed remunerative prices for supplies of ethanol to OMCs for blending with petrol; waiver of excise duty on ethanol supplies to OMCs during 2015-16.
iv) Notified a scheme on 2.12.2015 to extend production subsidy @ Rs. 4.50 per quintal to sugar mills to offset the cost of cane and facilitate timely payment of cane price dues of farmers.
(d): Besides extending the incentives referred in reply to part c) above, the Government has taken following additional measures for the welfare of sugarcane farmers and sugar industry:
i) Enhanced import duty to 40% to discourage imports.
ii) The "Duty Free Import Authorization" scheme (DFIA), for sugar withdrawn.
iii) The period for discharging Export Obligations under the Advanced Authorization Scheme for sugar reduced to 6 months to prevent leakage into the domestic economy.
iv) Scaled up blending targets under Ethanol Blending Programme from 5% to 10%.
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ANNEXURE
ANNEXURE REFERRED IN REPLY TO PART (a) OF THE UN-STARRED QUESTION NO. 2685 DUE FOR ANSWER ON 15.12.2015 IN THE LOK SABHA
Statement indicating Domestic sugar production; consumption and all India average ex-mill price of sugar during last three sugar seasons.
Sugar season
(October-September)
Sugar production (In Lac MTs)
Sugar Consumption (In Lac MTs)
Ex-Mill Average sugar price (Rs. per quintal)
2012-13
251.83
230.00
3072

2013-14
245.54
(provisional)
243.00
2892
2014-15
284.63
(provisional)
256.00
2447
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